

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1666 - HB 1741

February 16, 2016

SUMMARY OF BILL: Authorizes full-time certified public school teachers to receive a 25 percent discount at any state-operated institution of higher education. Directs the Tennessee Higher Education Commission (THEC) to promulgate and adopt rules necessary for implementation, including rules for the allocation of appropriations specifically appropriated for implementation. Requires any reimbursements to a state operated institution of higher education for the tuition discounts be limited to those funds specifically appropriated for that purpose in the general appropriations act. Requires such reimbursement to be limited to providing for the discount on tuition.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$1,619,800/FY16-17/TBR

\$1,656,600/FY16-17/UT

Exceeds \$1,667,600/FY17-18 and Subsequent years/TBR

Exceeds \$1,705,100/FY17-18 and Subsequent years/UT

Assumptions:

- Based on information from the Department of Education, there are 75,845 certified teachers in Tennessee.
- It is reasonably estimated that five percent of teachers (or 3,792) will opt to take a course at a state public higher education institution; with approximately 60 percent (or 2,275) attending a Tennessee Board of Regents institution and 40 percent (or 1,517) attending a University of Tennessee system institution.
- Based on data from TBR relative to current undergraduate tuition rates and discount programs; the average 25 percent tuition discount given to eligible state employees was \$671 in FY14-15.
- Assuming a tuition increase of three percent per year, the average 25 percent tuition discount at TBR institutions for FY16-17 is estimated to be \$712 ($\$671 \times 103.0\% \times 103.0\%$); and in FY17-18 and subsequent years is estimated to exceed \$733 ($\$712 \times 103.0\%$).

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- The decrease in state revenue to TBR institutions in FY16-17 is estimated to be \$1,619,800 ($2,275 \times \712); in FY17-18 and subsequent years is estimated to exceed \$1,667,575 ($2,275 \times \733).
- Based on data from UT relative to current undergraduate rates and discount programs; the average 25 percent discount at UT was \$1,029 in FY14-15
- Assuming an annual tuition increase of three percent, the tuition discount is estimated to be \$1,092 ($\$1,029 \times 103.0\% \times 103.0\%$) in FY16-17; and is estimated to exceed \$1,124 ($\$1,092 \times 103.0\%$) in FY17-18 and subsequent years.
- The decrease in state revenue to UT in FY16-17 is estimated to be \$1,656,564 ($1,517 \times \$1,092$); in FY17-18 and subsequent years is estimated to exceed \$1,705,108 ($1,517 \times \$1,124$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp